

ALVORD AND ALVORD

ATTORNEYS AT LAW

918 SIXTEENTH STREET, N W

SUITE 200

WASHINGTON, D.C.

20006-2973

(202) 393-2266

FAX (202) 393-2156

3-159A036

18254

RECORDATION NO.

FILED 1425

OF COUNSEL
URBAN A. LESTER

JUN 8 1993 1:10PM

INTERSTATE COMMERCE COMMISSION

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

June 8, 1993

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed are two original fully executed and acknowledged copies of a Security Agreement dated June 4, 1993, a primary document, together with an Addendum attached thereto.

The names and addresses of the parties to the enclosed document are:

Secured Party: Concord Commercial Corporation
70 Valley Stream Parkway
Malvern, Pennsylvania 19355

Debtor: Pioneer Railroad Equipment Co., Ltd.
1831 North Santa Fe Avenue
Chillicothe, Illinois 61253

A description of the railroad equipment covered by the enclosed document is set forth in an Equipment and Railcar Usage Schedule dated June 4, 1993 attached to the enclosed document.

Also enclosed is a check in the amount of \$16 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

JUN 8 1993
MOTOR OPERATING UNIT

[Handwritten signature]

[Handwritten signature]

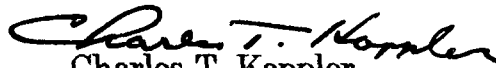
Mr. Sidney L. Strickland, Jr.
June 8, 1993
Page 2

Kindly return a stamped copy of the enclosed document to the undersigned.

A short summary of the enclosed document to appear in the Commission's Index is:

Security Agreement dated June 4, 1993 between Pioneer Railroad Equipment Co., Ltd., Debtor, and Concord Commercial Corporation, Secured Party covering railcars bearing ALAB reporting marks and numbers (formerly SP/WCTR reporting marks and numbers).

Very truly yours,


Charles T. Kappler

CTK/bg
Enclosures

Concord Commercial Corporation

RECORDATION NO. 18254 FILED 1425

JUN 8 1993 1:10PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

AGREEMENT made this 4th day of June, 1993, by and between Concord Commercial Corporation, a Delaware corporation having its principal place of business at 70 Valley Stream Parkway, Malvern, PA 19355, ~~XXX~~ XXXX ("Secured Party") and Pioneer Railroad Equipment Co., Ltd. a n Iowa corporation having its principal place of business at 1831 North Santa Fe Avenue Chillicothe, IL 61523 ("Debtor")

In consideration of the mutual covenants hereinafter set forth, and intending to be legally bound, the parties hereto agree as follows.

1 Debtor hereby grants to Secured Party, its successors and assigns, a security interest in the following described personal property, together with all accessories, attachments and accessions now or hereafter affixed thereto and substitutions, insurance proceeds, proceeds, and replacements thereof, hereinafter referred to collectively as "Collateral"

See Equipment and Railcar Usage Schedule attached hereto and by this reference is made a part hereof.

to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party, either direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (all hereinafter called "Obligations") Secured Party shall not be obligated to release its security interest in any of the Collateral until all Obligations of Debtor to Secured Party are satisfied in full

2 Secured Party shall make advances to the Debtor or its designee or designees in one or more payments and in such amounts solely within the discretion of the Secured Party

3 Debtor hereby represents, warrants and covenants that the Collateral is owned by Debtor and shall be kept, except as hereinafter provided, at the premises of Debtor referenced hereinabove or at any rail point in North America ("Property")

4 Debtor warrants, covenants and agrees as follows

- To pay and perform all of the Obligations secured by this Agreement according to their terms
- On demand of Secured Party to do the following. (i) execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement, (ii) execute any instrument or statement required by law or otherwise in order to perfect, continue or terminate the security interest of Secured Party in the Collateral, and (iii) pay all costs of filing in connection therewith
- To retain possession of the Collateral during the existence of this Agreement and not to sell, exchange, assign, loan, deliver, lease, mortgage or otherwise dispose of such Collateral without the written consent of Secured Party
- To keep the Collateral at the location set forth in Section 3 hereof and not to remove the Collateral (except in the usual course of business for temporary periods) without the written consent of Secured Party
- To keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments
- To pay, when due, all taxes, assessments and license fees relating to the Collateral except any taxes on the income of Secured Party from this financing of Collateral for Debtor
- To keep the Collateral insured on an all-risk basis against all loss or damage and such other hazards as Secured Party may require. Policies shall be in such form and amounts and with such insurance companies as Secured Party may designate or approve, provided, however, that the amount thereof shall be at least equal to the fair market value of the Collateral. Policies shall be obtained from responsible insurers authorized to do business in the State within which Collateral is to be located. Policies of insurance, payable to Secured Party and Debtor as their interests may appear, shall be deposited with Secured Party who is authorized, but under no duty, to obtain such insurance upon failure of Debtor to do so. Each such policy of insurance shall provide that the insurance company shall give Secured Party 30 days prior written notice of the effective date of any alteration or cancellation of such policy. Debtor shall give immediate written notice to Secured Party and to each insurer of loss or damage to the Collateral and shall promptly file proofs of loss with each such insurer
- To keep the Collateral, at Debtor's own cost and expense, in good repair and condition and available, together with the records relative thereto, for inspection by Secured Party at all reasonable times
- To immediately notify Secured Party in writing of any change in or discontinuance of Debtor's place or places of business
- To indemnify and save harmless Secured Party, its successors and assigns, employees, officers, directors and agents from and against any and all claims or suits for any loss, damage, or injury sustained by any person whomsoever by reason of the sale, financing, process, use or disposition of the Collateral, and in this connection, Debtor shall pay the costs of all legal fees and all other reasonable costs and expenses incurred by Secured Party

5 Secured Party shall be entitled to inspect the Collateral at any time during reasonable business hours

All terms and conditions on the reverse side of this Agreement are a part hereof and binding upon the parties hereto. Debtor acknowledges having read and received a true executed copy of this Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written

B. M. Brown
(Witness)

Pioneer Railroad Equipment Co., Ltd.
(Debtor)
By L. H. Breuh
Title CEO

JoAnn Knepp
(Witness)
Notary Seal
JoAnn Knepp, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires Aug 16, 1993
Member, Pennsylvania Association of Notaries

CONCORD COMMERCIAL CORPORATION
By Paul Menon
Title Assistant Credit Manager

10-60 Debtor acknowledges that time is of the essence in the performance of Debtor's duties and obligations under this Agreement and no waiver by Secured Party of any breach or default shall constitute a waiver of any other breach or default by Debtor or waiver of any of Secured Party's rights. If Debtor fails to observe or perform any covenant or agreement contained in this Security Agreement which failure is not remedied by Debtor within 10 days after written notice thereof, Secured Party may, in addition to any other remedy, take whatever action deemed necessary to remedy such failure and should such action require the expenditure of monies to protect and preserve Secured Party's interest in the Collateral (including but not limited to payment of insurance premiums, repairs, storage, transportation, removal of liens, etc.), then the amount of such expenditure shall become forthwith due and payable by Debtor with interest thereon at the rate of 18% per annum until repaid. If Secured Party takes any action authorized hereunder, Secured Party shall not be liable to Debtor for damages as a result of delays, temporary withdrawals of the Collateral from service or other causes.

7 The following shall constitute a default by Debtor

Failure to pay the principal or any installment of principal or of interest on the Obligations when due. Failure by Debtor to comply with or perform any of the provisions of this Agreement. False or misleading representations or warranties made or given by Debtor in connection with this Agreement. Subjection of the Collateral to levy or execution or other judicial process which is not or cannot be extinguished within thirty (30) days from the subjection thereof. Commencement of any insolvency proceedings by or against Debtor, including any assignment by Debtor for the benefit of creditors. Any reduction in the value of any of the Collateral or any act of Debtor which imperils the prospect of full performance or satisfaction of the Obligations herein.

The liquidation or dissolution of Debtor or the commencement of any acts relative thereto or, without the prior written consent of Secured Party, any sale or other disposition of all or substantially all of the assets of Debtor including any merger or consolidation of Debtor unless Debtor is the surviving corporation.

8 Debtor agrees that whenever a default shall be existing Secured Party shall have the following rights and remedies to the extent permitted by applicable law

a to declare all Obligations owed by Debtor to Secured Party immediately due and payable in full, at the option of Secured Party, without notice or demand, and interest thereon shall be recalculated to a rate equivalent to 18% per annum, (b) to enter the Property or such place or places where any of the Collateral may be located and take and carry away the same, by any of its representatives, with or without legal process and without liability to Debtor for any damage caused thereby, to Secured Party's place of storage, (c) to sell the Collateral at public or private sale, whether or not the Collateral is present at such sale and whether or not the Collateral is in constructive possession of Secured Party or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that Secured Party can obtain and upon such terms as Secured Party may deem desirable, (d) to be the purchaser at any such sale, (e) to require Debtor to pay all expenses of such sale, taking, keeping and storage of the Collateral, including reasonable attorneys' fees, (f) to apply the proceeds of such sale to all expenses in connection with the taking and sale of the Collateral, and any balance of such proceeds toward the payment of the Obligations in such order of application as Secured Party may from time to time elect, (g) to require Debtor to assemble the Collateral upon Secured Party's demand at Debtor's expense and make it available to Secured Party at a place designated by Secured Party, and (h) to exercise any one or more rights or remedies accorded by the Uniform Commercial Code or other applicable law. If the proceeds of any such sale are insufficient to pay the expenses, as aforesaid, and the Obligations, the Debtor agrees to pay any deficiency to Secured Party upon demand and if such proceeds are more than sufficient to pay such expenses and Obligations Secured Party agrees to pay the surplus to Debtor.

9 Debtor hereby assigns to Secured Party any and all monies (including, but not limited to, proceeds of insurance, return of unearned premiums) which may become due under any policy insuring the Collateral against any loss or damage and direct the insurance company issuing such policy to make payment thereof directly to Secured Party. Secured Party may, at its option, apply any insurance monies so received to the cost of repairs to the Collateral and/or to payment of any of the Obligations, in such order as the Secured Party may determine, whether or not due, and shall remit any surplus to Debtor. Debtor hereby authorizes and irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full power of substitution, to receive all such monies, to execute proofs of claim, to endorse drafts, checks and other instruments for the payment of money payable to Debtor in payment of such insurance claims, to adjust and compromise any claim and to execute releases.

10 If at the time of repossession any of the Collateral contains other personal property not included in the Collateral, Secured Party may take such personal property into custody and store it at the risk and expense of Debtor. Debtor shall indemnify Secured Party from any claims or damages arising therefrom.

11 At the request of Secured Party, Debtor will join with Secured Party in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party covering the Collateral described herein and any substitutions or replacements thereof. Without limiting the foregoing, Debtor hereby authorizes and irrevocably appoints Secured Party as Debtor's attorney-in-fact, with full power of substitution, to execute and file such financing statements in all places where necessary to perfect Secured Party's security interest in the Collateral and motor vehicle title documentation necessary to obtain repossession title certificates.

12 In consideration for Secured Party's extension of the loan secured hereby, Debtor hereby grants to Secured Party a continuing security interest in all collateral in which Secured Party has or may acquire a security interest, to secure the payment and performance of all obligations and liabilities of Debtor to Secured Party, now existing or hereafter arising, whether joint or several, direct or indirect, absolute or contingent, due or to become due. The security interest created hereby shall continue until all indebtedness owed by Debtor to Secured Party has been satisfied in full. Any default under the terms and conditions hereof shall be deemed to be a default under all other agreements between Secured Party and Debtor.

13 Secured Party's rights under this Agreement are in addition to and not in limitation of any other rights and remedies Secured Party may have by virtue of any other instrument or agreement executed by Debtor. If any provision(s) of this Agreement shall be found to be in conflict with any applicable law or regulation, such provision(s) shall be deemed severed therefrom and any court of competent jurisdiction may substitute therefor any legally valid alternate provision that would be commercially acceptable in similar transactions in such jurisdiction. Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by Secured Party of any right or remedy hereunder on any one occasion, shall not be construed as a bar to or waiver of any such right or remedy which Secured Party would have had on any future occasion nor shall Secured Party be liable for exercising or failing to exercise any such right or remedy. This Agreement shall be binding, jointly and severally, upon all parties described as Debtor, and upon their successors and assigns.

14 For the purpose of this Security Agreement, any notices required to be given shall be given to the parties in writing and by certified mail. Any notices shall be sent to the parties at their respective address, as shown in the first paragraph in this Agreement, or to such other address as the parties may hereafter substitute by written notice.

15 Additional Provisions See Addendum attached hereto and by this reference
is made a part hereof.

This Security Agreement is the entire agreement between the parties, and no alterations, amendments or qualifications shall be binding or of any force and effect as against Secured Party, unless in writing and signed by Secured Party.

ADDENDUM

This addendum is attached to and forms a part of that certain Security Agreement dated June 4, 1993 by and between Pioneer Railroad Equipment Co., Ltd., and Concord Commercial Corporation.

The following shall be added to paragraph 15 :

It shall be an event of default under the Agreement if a controlling interest of the stock or partnership interest of the Debtor, as applicable, is transferred (whether in increments or on one occasion) to persons or other legal entities other than those holding said controlling interest at the date of execution of the Agreement.

The Debtor shall furnish to the Secured Party: (i) within one hundred twenty (120) days of the end of the fiscal year, for so long as any Obligations remain unsatisfied, financial statements of the Debtor prepared in accordance with Generally Accepted Accounting Principles; and (ii) such other financial information in such form, content and frequency as the Secured Party may reasonably request. Failure to provide any of the foregoing shall be an event of default.

Pioneer Railroad Equipment Co., Ltd.

(Debtor)

By: 

Title: CEO

CONCORD COMMERCIAL CORPORATION

By: 

Title: Assistant Credit Manager

EQUIPMENT AND RAILCAR USAGE SCHEDULE

This Equipment Schedule is attached to and by this reference made a part of that certain Security Agreement (the "Agreement") dated June 4, 1993 by and between Pioneer Railroad Equipment Co., Ltd. as Debtor and Concord Commercial Corporation as Secured Party.

Collateral:

One (1) ALAB 241669, formerly SP 241669
One (1) ALAB 241489, formerly SP 241489
One (1) ALAB 241850, formerly SP 241850
One (1) ALAB 241580, formerly SP 241580
One (1) ALAB 241480, formerly SP 241480
One (1) ALAB 241848, formerly SP 241848
One (1) ALAB 241678, formerly SP 241678
One (1) ALAB 241553, formerly SP 241553
One (1) ALAB 241473, formerly SP 241473
One (1) ALAB 241498, formerly SP 241498
One (1) ALAB 241766, formerly SP 241766
One (1) ALAB 241611, formerly SP 241611
One (1) ALAB 241548, formerly SP 241548
One (1) ALAB 241825, formerly SP 241825
One (1) ALAB 241542, formerly SP 241542
One (1) ALAB 241808, formerly SP 241808
One (1) ALAB 241758, formerly WCTR 241758
One (1) ALAB 241861, formerly WCTR 241861
One (1) ALAB 241833, formerly WCTR 241833
One (1) ALAB 241563, formerly WCTR 241563
One (1) ALAB 241663, formerly WCTR 241663
One (1) ALAB 241920, formerly WCTR 241920
One (1) ALAB 241662, formerly WCTR 241662
One (1) ALAB 241836, formerly WCTR 241836

One (1) ALAB 241860, formerly WCTR 241860

That certain Railcar Usage Agreement dated June 4, 1993
by and between Pioneer Railroad Equipment Co., Ltd. and Alabama Railroad Co.

All terms and conditions of the Agreement are hereby restated, ratified and confirmed.

IN WITNESS WHEREOF, the undersigned have executed this Schedule as of this 4th day of June, 1993.

DEBTOR:

Pioneer Railroad Equipment Co., Ltd.

By: [Signature]
Title: CEO

Date: 6-2-93

SECURED PARTY:

Concord Commercial Corporation

By: [Signature]
Title: Assistant Credit Manager

Date: 6/4/93

STATE OF Illinois

COUNTY OF Marshall

On this 3rd day of June, 1993, before me personally appeared Guy L. Buxton, to me personally known, who being by me duly sworn, says that he is the CEO of Pioneer Railroad Equipment Co., Ltd., that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of said instrument was his free act and deed.



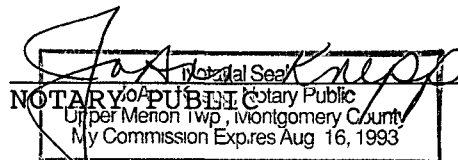
Toni K. McCasky
NOTARY PUBLIC

My commission expires: 3-3-97

STATE OF Pennsylvania

COUNTY OF Chester

On this 4th day of June, 1993, before me personally appeared Regis Legath, to me personally known, who being by me duly sworn, says that he is Region Vice President of Concord Commercial Corporation, that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of the said instrument was his free act and deed. Asst Credit manager



My commission expires:

Member, Pennsylvania Association of Notaries